

**Advisory Committee
Meeting Minutes
1/21/2016**

In attendance: Committee Members Baltera, Belyea, Coughlin, Hancock, Haskell, Kelley, Kutsch, MacKay, Pyles, Reale, Sharkansky, Smallwood, and Taylor, and Town Accountant Nickerson.

Chairman Pyles called the meeting to order at 7:30 PM.

CPC Presentation

AdCom members joined the Board of Selectmen's meeting at 7:35 PM for a Community Preservation Committee presentation. CPC Chair Robert Curley and Vice-Chair Carol Pyles provided an overview of the 12 CPA projects recommended for this year. They responded to questions from AdCom and BOS members. Following the discussion, AdCom members returned to their own meeting room and reconvened at 8:45 PM.

Questions from the Public on Items Not on the Agenda: None

Approval of Minutes

The minutes of the regular meeting on January 12, 2016 were approved as amended by a vote of 8-0. Jim Taylor and Craig MacKay abstained, as they were not in attendance at the 1/5 meeting. Donna Smallwood and Linda Kutsch were not present for the vote on the January 12 minutes.

Reserve Fund Transfer - Selectmen

The Selectmen requested a Reserve Fund transfer in the amount of \$51,885.69 to cover the expenses of a new Assistant Town Administrator from 3/1/2016 through 6/30/2016 and also cover the buy-out for the retiring Assistant Town Administrator. A four-month overlap is planned for training purposes.

AdCom members approved a Reserve Fund Transfer of \$51,885.69 to the FY 2016 Selectmen – Salaries budget by a vote of 10-0. Donna Smallwood and Linda Kutsch were not present for this vote.

Sue Nickerson distributed a document listing FY 2016 Reserve Fund transfers to date. (Note that the totals listed are incorrect.) The Reserve Fund balance (including the request just approved) is \$346,164.

Tom Pyles noted that a Reserve Fund transfer will not be necessary for GAR Hall, as the plumbing repairs will be covered by the GAR Hall operating budget. He also noted that a Reserve Fund transfer is expected in order to fund two additional elections this spring.

Budget Hearings

Town Meetings

Tom Pyles presented this budget and recommended an appropriation of \$30,392.

Debt Service

Jim Taylor presented this budget and recommended an appropriation of \$6,626,661 for Principal and \$2,935,371 for Interest for a total amount of \$9,562,032.

Employee Benefits

NB: Victor Baltera recused himself for the discussion of the Employee Benefits budgets.

Group Insurance

Dan Coughlin presented this budget (including Group Insurance and Other Post Employment Benefits) and recommended an appropriation of \$7,867,932.

Contributory Retirement

Dan Coughlin presented this budget and recommended an appropriation of \$4,029,783.

Workers' Compensation

Dan Coughlin presented this budget and recommended an appropriation of \$330,000.

Unemployment Compensation

Dan Coughlin presented this budget and recommended an appropriation of \$30,000.

Employers' Medicare

Dan Coughlin presented this budget and recommended an appropriation of \$742,500.
(This was the last of the Employee Benefits budgets.)

General Insurance

Sue Nickerson presented this budget, and Jim Taylor recommended an appropriation of \$605,000.

Unclassified

Jim Taylor presented this budget and recommended an appropriation of \$10,950.

Financial Policy Discussion - Unrestricted Fund Balance

AdCom members had a lengthy and comprehensive discussion of Unrestricted Fund Balance. There were many diverse opinions expressed. All uses of surplus FB were aired, including tax relief, debt reduction, capital projects, and liability payments such as OPEB.

Members did not reach consensus on how to use these monies. Many people felt that it is premature to decide on usage at this time. Conditions can develop rapidly and cause changes in priorities. For example, snow removal costs could increase sharply, a downturn in the economy could occur, or one or more ATM articles could request monies from FB. Over the next few years, total annual expenditures could grow without a corresponding increase in revenue, preventing a budget surplus or causing a deficit.

The Town's target range of 16-20% for unrestricted FB is an important factor for the rating agencies. Most AAA rated communities in MA have an unrestricted FB in this range. If we drop significantly, this could jeopardize our AAA rating. The Town has access to the debt market because of its rating. As we look at FB, we should consider our current debt service, as we are above the policy limit now.

At this time, it is appropriate for AdCom to seek ideas on how to advance the FB discussion and analyze the possible uses of surplus FB, including the prioritization of capital projects. Further dialogue with the BOS and the public will be instructive. The methods for doing this are to be determined.

Planning Warrant Articles Discussion

Linda Kutsch provided an update on the 9 Planning Articles for the Warrant. The Planning Board has approved two of the articles (media broadcasting and a bed & breakfast request). The two most controversial articles pertain to non-conforming structures and the uniformity amendment (as it relates to date-based criteria for two-family homes). These articles have not yet been approved by the Planning Board. Linda explained that AdCom will hear the 9 articles over two nights.

Miscellaneous Comments from the Chairman

AdCom will not meet on Tuesday, January 26th. The meeting on Thursday, January 28th will be a joint meeting with the Board of Selectmen to hear the School budget. This meeting will be televised. AdCom will reconvene in its own meeting room following the School presentation.

AdCom members should receive the Warrant Article books next week. Liaison assignments will be complete next week, as well.

This is "politics season". People should be apolitical in public, especially with regard to candidates running for office.

Matters Not Anticipated within 48 Hours: None

Adjournment

The meeting was adjourned at 10:47 PM by a vote of 11-0. Eric Haskell was not present for this vote.

Respectfully Submitted,

Lucy N. Hancock
Secretary

List of Documents Distributed at this Meeting:

Agenda for AdCom Meeting of 1/21/2016

Draft Minutes from 1/12/2016 AdCom Meeting

Reserve Fund Transfer Request for Selectmen (Assistant Town Administrator)

Document listing Reserve Fund Transfers for FY 2016 to Date

Page from Financial Policy regarding Fund Balance

Presentation on Hingham Fund Balance as of 6/30/2015

Budget Scorecard dated 1/21/2016

AdCom Calendar dated 1/21/2016